

NSC BRIEFING

7 February 1957

SOVIET ECONOMIC REVISIONS

- I. Supreme Soviet* opened in Moscow on 5 February. USSR's economic issues will get most attention (other topics: revision legal codes, concluding foreign policy speech).
 - A. Chief planner (Pervukhin) and Finance Minister (Zverev) spoke first day.
 - B. Pervukhin's speech presented new industrial goals representing sizeable cuts in the USSR's industrial rate of growth for 1957 (charts) and further suggesting that present 1960 (Sixth Five-Year Plan) goals are not attainable.
 1. First chart shows in percentages (1955 = 100%) the effect of Pervukhin's new '57 goals on four aggregate measures of Soviet economic growth. As can be seen, all '57 goals fall short of the increases achieved in '56.
 2. Second chart shows in actual tonnages the revised '57 program for six key commodities. Here, as in the first chart, both the reduction in '57 goals for all items except petroleum and cement and the much greater increase needed during 58-60 in order to meet the 1960 plan targets may be seen.
 - C. Pervukhin's speech apparently did not state that 1960 goals abandoned. However, to reach these goals after these '57 cutbacks, the USSR would have to achieve economic progress on a scale never before attained anywhere.

* Bicameral body (some 1,300 members), meets twice yearly.

A. "Soviet of the Union": 700 deputies (1 per 300,000 pop.).

B. "Soviet of the Nationalities": 631 deputies, representing

II. Finance Minister Zverev presented 1957 budget:

A. Military allocation in 1957 will be 97.6 billion rubles (1956 allocation was 102.5).

1. Considering the high cost of modern weapons, this allocation is consistent with Soviet claims that military manpower has been reduced.

B. Zverev's details on capital investment show that the rate of growth in construction is down for almost every category except housing.

C. '57 investment program has apparently been redirected to concentrate on expanding raw material and power capacity.

III. Pervukhin's approach to present Soviet economic issues may be more realistic than the approach of his predecessors.

A. The planned rate of growth for 1957 is the smallest of any peacetime year since 1928, when the era of Soviet Five-Year Plans began.

B. We conclude that the Soviet leaders have accepted at least a temporary slowdown in their race to catch up with the West.